

## Marine Excess & Umbrellas

Webinar  
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**KENNETH BALDWIN**  
LIG MARINE MANAGERS, INC. | ST PETERSBURG, FL  
727.873.7692 | [KEN.BALDWIN@LIGMARINE.COM](mailto:KEN.BALDWIN@LIGMARINE.COM) | LIGMARINE.COM

0


### What's In A Name?

Follow Form Excess?

Marine Umbrella?

Bumbershoot?

Bumpershoot?




1

### Marine Operations

Marine Umbrella is predominantly concerned with traditional Ocean marine risks. These types of risks may include:

<ul style="list-style-type: none"> <li>• Marine Transportation</li> <li>• Ship Repairers</li> <li>• Boat Builders</li> <li>• Stevedores</li> <li>• Terminal Operators</li> <li>• Wharfingers</li> <li>• Marinas</li> </ul>	<ul style="list-style-type: none"> <li>• Boat Dealers</li> <li>• Marine Contractors</li> <li>• Vessel Pollution</li> <li>• Charterer's Liability</li> <li>• Marine Manufacturers</li> </ul>
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2

### Marine Content

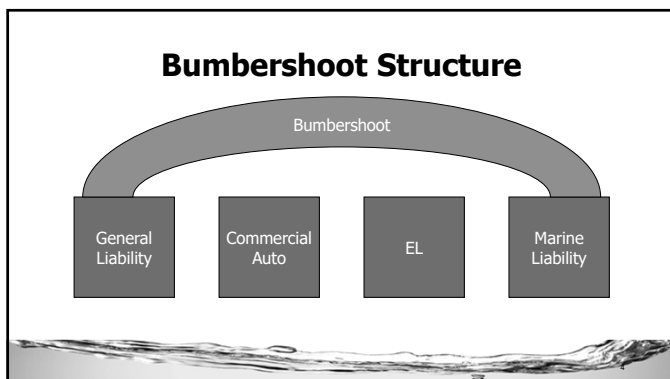
**"80/20 Rule"**

When determining a risk's acceptability as an excess marine placement, the rule in general states that no more than 20% of the operations of an Insured being covered should be from non-marine activities.

This is usually measured in terms of revenues, but there are some operations that are so ultra-hazardous that no matter what the amount of revenues they generate, this risk would be unacceptable to most marine underwriters. Examples of these might include the manufacturing of aircraft parts and equipment, manufacturing of hospital and medical equipment, and the repair and maintenance of nuclear power plants.



3



4


### Underlying Coverages

Underwriters typically required minimum limits for underlying coverage's are as follows:

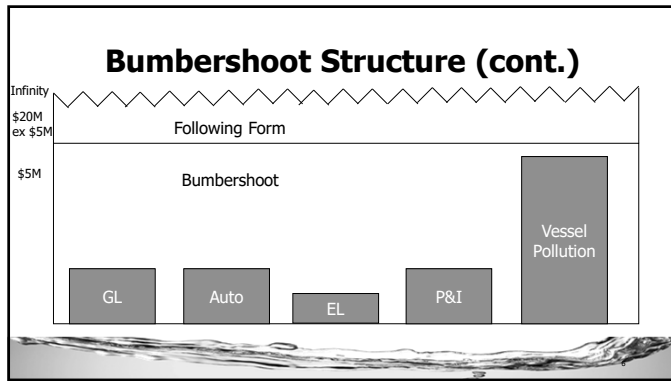
Coverage:

- Marine General Liability
- Commercial Auto Liability
- Mono-line Marine Liability
- Owned Aircraft Liability
- Employer's Liability
- P&I/Maritime Employers Liability
- Self Insured Retention

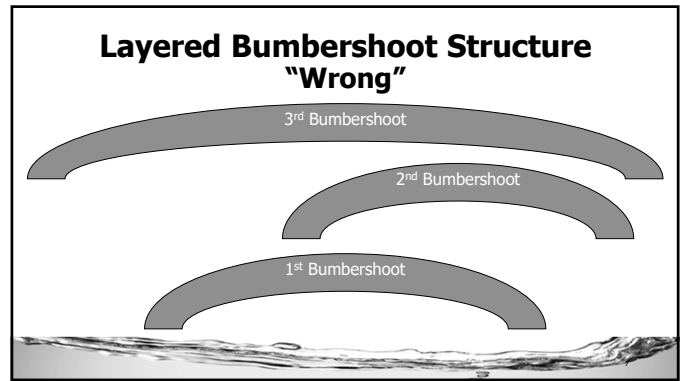
Workers compensation and USL&H are not liabilities and should not be scheduled as underlying coverages.  
However the EL or MEL section of these can be scheduled.  
Other underlying coverages not listed above should be carefully evaluated.



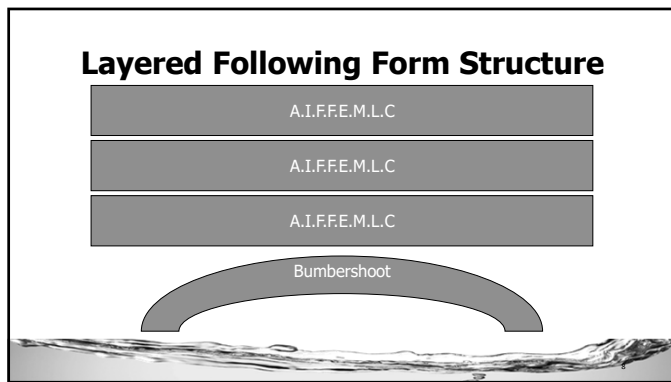
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6



7



8

**Bumbershoot Coverage**

Insuring Agreement

A. Coverage

The policy shall indemnify the **Insured** with respect to the operations listed in item 7 of the Declarations for the following (including such expenses listed in the definition of "**Ultimate Net Loss**"):

- All Protection and Indemnity risks covered by the underlying Protection and Indemnity Insurance or which are absolutely or conditionally undertaken by The United Kingdom Mutual Steam Ship Assurance Association Limited.
- General average marine collision liabilities, salvage, salvage charges and related sue and labor arising from any cause whatsoever.
- All other sums which the **Insured** shall become legally liable to pay as **damages** on the account of:
  - Personal Injuries**, including death at any time resulting therefrom, or
  - Property damage** Caused by or arising out of each occurrence happening anywhere in the world.

9

**Bumbershoot**

What's Covered

- Coverage is provided excess of all scheduled underlying policies
- Coverage is provided for all uninsured losses excess of the SIR

What's Not Covered

- Policies that do not provide Bodily Injury and Property Damage (Examples???)
- Statutory compensation policies

10



**Bumbershoot Structure**

Insuring Agreement:	Definitions:
Coverage	Bodily Injury
Limits of Liability	Property Damage
Insured	Occurrence
General Conditions:	Exclusions:
Cancellation	General of Absolute
Insolvency	Conditional
Additional Insureds	
Vessel Insureds	

11

### Limit of Liability


If underlying is subject to an annual aggregate then this policy shall also be subject to an annual aggregate,  
 If an underlying aggregate is reduced or exhausted... this policy shall apply in excess of the reduced underlying limit or, if such limit is exhausted as underlying insurance.

12

### Limit of Liability


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 If an underlying aggregate is reduced or exhausted... this policy shall apply in excess of the reduced underlying limit or, if such limit is exhausted as underlying insurance.  
 In the event of reduction or exhaustion of the aggregate limits of liability contained within an "underlying policy" by reason of losses paid thereunder, the Insured will make every reasonable effort to have such "underlying policy" reinstated or replaced in full, notwithstanding anything herein contained to the contrary.



13

### Bumbershoot Absolute Exclusions


- Breach of Fiduciary Duty
- Discrimination
- Employment-Related Practices
- Workers Compensation and Similar Acts
- Fraud, Infidelity, Dishonesty, Criminal Act
- Occupational Disease
- Fine, Penalties, Punitive Damages
- Pollution
- War




14

### Bumbershoot Absolute Exclusions

Notwithstanding anything contained herein to the contrary, in the event that coverage is eluded in a Policy listed in the Schedule of Underlying Insurances, it is understood and agreed that said coverage is also excluded under this Policy unless said coverage is provided elsewhere in a Policy Listed in the Schedule of Underlying Insurances.



Any exclusion in an underlying policy is an exclusion in this policy,




15

### Exclusions

Conditional – If covered in underlying covered in bumbershoot but no broader than underlying

1. Ship Repair
2. Crew Coverage
3. Products Liability
4. Auto
5. CCC



16


### Dropdown

International Coverage  
 Most umbrella policies have broader territories

Not Covered but not excluded  
 Most umbrella policies have excluded items excluded in primary

Claims are rare, but not impossible

Price Difference?



17

## Bumbershoot and Marine Umbrella

### Other Considerations



18

## Other Considerations

### Claims

The bumbershoot Policy or an Excess Policy can be a subscription policy with numerous interested parties. Does the policy have a Follow Leader Clause?

On Bumbershoot Policies since it is a standalone cover additional claim investigation may be necessary over and above what was performed by the primary underwriter.

The Bumbershoot has drop down provisions that could put company in the primary layer.

The Bumbershoot Policy also may be excess of non-marine covers, which would challenge the expertise of the Marine Claim Department. Do they have non-marine adjusters?



19

## Questions?



20